

**ASSEMBLY BILL**

**No. 1163**

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**Introduced by Assembly Member Levine**

February 22, 2013

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An act to amend Section 20090 of the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1163, as introduced, Levine. Public Employees' Retirement System: Board of Administration: composition.

The California Constitution prohibits changing the composition of the retirement board of certain public pension systems, including the number, terms, and method of selection and removal of members, unless the change is ratified by a majority vote of the electors of the jurisdiction in which the participants of the pension system are or were, prior to retirement, employed. Existing law creates the Board of Administration of the Public Employees' Retirement System (PERS) for the purpose of governing the system and prescribes the composition of the board. Existing law requires, among other things, that one member of the board of administration be a member of the State Personnel Board, serving at the pleasure of the State Personnel Board.

This bill would revise the composition of the Board of Administration of PERS. The bill would eliminate the position of the member of the State Personnel Board and would replace that position with the Director of Finance. The bill would add to the board 2 persons, appointed by the Governor, who are independent, as defined, and have financial expertise. This provision would not become operative unless ratified by a majority of voters at a statewide election. The bill would require the Secretary

of State to submit that provision of the bill to the voters at the next statewide election.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 20090 of the Government Code is  
2 amended to read:  
3 20090. The Board of Administration of the Public Employees'  
4 Retirement System is continued in existence. It consists of:  
5 ~~(a) One member of the State Personnel Board, selected by and~~  
6 ~~serving at the pleasure of the State Personnel Board.~~  
7 (a) *The Director of Finance.*  
8 (b) *The Director of Human Resources.*  
9 (c) *The Controller.*  
10 (d) *The Treasurer.*  
11 (e) *An official of a life insurer and an elected official of a*  
12 *contracting agency, appointed by the Governor.*  
13 (f) *Two persons representing the public, who are independent*  
14 *and have financial expertise, appointed by the Governor. For the*  
15 *purpose of this subdivision, "independent" means that neither the*  
16 *person nor anyone in the person's family is a member of the system,*  
17 *is receiving or eligible to receive a pension from the system, is a*  
18 *member of an organization that represents employees with an*  
19 *interest in the system, or has any material interest in any entity*  
20 *that contracts with the system.*  
21 ~~(f)~~  
22 (g) *One person representing the public, appointed jointly by the*  
23 *Speaker of the Assembly and the Senate Committee on Rules.*  
24 ~~(g)~~  
25 (h) *Six members elected under the supervision of the board as*  
26 *follows:*  
27 (1) *Two members elected by the members of this system from*  
28 *the membership thereof.*  
29 (2) *A member elected by the active state members of this system*  
30 *from the state membership thereof.*  
31 (3) *A member elected by and from the active local members of*  
32 *this system who are employees of a school district or a county*  
33 *superintendent of schools.*

1 (4) A member elected by and from the active local members of  
2 this system other than those who are employees of a school district  
3 or a county superintendent of schools.

4 (5) A member elected by and from the retired members of this  
5 system.

6 SEC. 2. This act would change the composition of the Board  
7 of Administration of the Public Employees' Retirement System  
8 and shall be operative only upon ratification by the voters at a  
9 statewide election, pursuant to subdivision (f) of Section 17 of  
10 Article XVI of the California Constitution. The Secretary of State  
11 shall submit this act to the voters for approval at the next statewide  
12 election.

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